



# State of Alaska Deferred Compensation Plan

## Investment Options

### Historical Average Annual Total Rates of Return For the Quarter Ending 3/31/01

Investment Option	Annual Administrative and Recordkeeping Fee*	Annual Investment Management & Custody Fees	Quarter from 12/31/00 to 3/31/01	One Year Actual as of 3/31/01	Three Year Actual as of 3/31/01	Five Year Actual as of 3/31/01	Ten Year Actual as of 3/31/01
<b>International Fund</b>	0.19%	0.15-0.17%	-13.73%	-25.88%	-0.58%	3.33%	4.15%
EAFE-Free Index	n/a	n/a	-13.71	-25.86	-0.59	3.37	4.31
<b>Small Cap Index Fund</b>	0.19%	0.12%	-14.27	-29.35	0.35	9.30	12.46
Wilshire 4500 Index	n/a	n/a	-15.87	-35.55	-2.23	7.72	11.76
<b>Citizens Core Growth Fund</b>	0.19%	0.74%	-16.68%	-37.08%	1.74%	14.82%	n/a
S&P 500 Index	n/a	n/a	-11.86	-21.68	3.05	14.17	14.46
<b>S&amp;P 500 Index Fund</b>	0.19%	0.05%	-11.88	-21.71	3.00	14.12	14.45
S&P 500 Index	n/a	n/a	-11.86	-21.68	3.05	14.17	14.46
<b>Global Balanced Fund</b>	0.19%	0.67%	-5.76	-12.02	5.62	10.75	n/a
Combined GBF Benchmark <sup>(1)</sup>	n/a	n/a	-6.11	-9.85	3.94	9.38	n/a
<b>Tactical Asset Allocation Fund</b>	0.19%	0.25%	-8.59	-12.28	5.53	12.06	12.85
Combined TAAF Benchmark <sup>(2)</sup>	n/a	n/a	-6.74	-9.16	5.34	12.63	12.91
<b>Gov't/Credit Bond Fund</b>	0.19%	0.08%	3.22	12.51	6.84	7.40	8.03
Lehman Bros. Gov't/Credit Index	n/a	n/a	3.20	12.41	6.80	7.42	8.06
<b>Intermediate Bond Fund</b>	0.19%	0.08%	3.10	12.03	6.94	6.97	7.27
Lehman Bros. Intermediate Bond Index	n/a	n/a	3.00	11.96	6.91	6.96	7.28
<b>Interest Income Fund</b>	0.19%	0.20%	1.57	6.57	6.54	6.70	6.91

more risk

less risk

#### Return information does not include the deduction of any Administration/Recordkeeping Fees.

The performance data quoted represents past performance and is not an indication of future investment results. The investment return and principal value of an investment will fluctuate so that an investor's units, when redeemed, may be worth more or less than their original cost.

\* The administrative and recordkeeping fee of 0.19% is effective February 1, 2001. The prior fee of 0.20% applied for the period of March 1, 2000 to January 31, 2001.

(1) The benchmark used for comparison with the Global Balanced Fund is a combination of 35% S&P 500, 10% Russell 2000, 15% EAFE Net Dividends to U.S. Investors, 35% Salomon Broad Investment-Grade Bond Index and 5% Salomon Bros. Non-U.S. & World Government Bond Index.

(2) The benchmark used for comparison with the Tactical Asset Allocation fund is a combination of 60% S&P 500 index and 40% Lehman Bros. 20+ Treasury Bond Index.

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## Investment Option Asset Type Allocations *as of 3/31/01*

Investment Option	Structured Investment Contracts	Invested Cash & Cash Equivalents	Bonds	Equities		
				Small Cap	Large Cap	International
International Fund	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Small Cap Index Fund	0.00	0.00	0.00	100.00	0.00	0.00
Citizens Core Growth Fund	0.00	0.50%	0.00%	0.00%	99.50%	0.00%
S&P 500 Index Fund	0.00	0.00	0.00	0.00	100.00	0.00
Global Balanced Fund	0.00	2.80	34.60	9.30	35.80	17.50
Tactical Asset Allocation Fund	0.00	5.00	20.00	0.00	75.00	0.00
Gov't/Credit Bond Fund	0.00	0.00	100.00	0.00	0.00	0.00
Intermediate Bond Fund	0.00	0.00	100.00	0.00	0.00	0.00
Interest Income Fund	92.00	8.00	0.00	0.00	0.00	0.00

**The following definitions will help you understand the difference between the various investment options offered by your Plan:**

<b>SICs</b>	<i>Structured Investment Contract (SIC)</i> — an investment consisting of a portfolio of high quality fixed income securities held by a custodian in the plan's name, and a "wrap" contract issued by a bank or insurance company that, like a GIC, provides for participant withdrawals in accordance with plan provisions and permit book value accounting.
<b>Cash</b>	Instruments or investments of such high liquidity and safety that they are virtually as good as cash (e.g., money market type instruments, treasury bills, commercial paper, etc.). Also referred to as cash equivalents. Such investments typically are short-term, with maturities of one year or less.
<b>Bond</b>	An interest-bearing certificate of indebtedness (a loan) from a corporation or government body. The issuer agrees to repay a sum by a certain date with a specified rate of interest.
<b>Equity</b>	<p>Ownership of corporate stock. The following are types of equities:</p> <p><i>International stock</i> – Securities of foreign corporations. The Morgan Stanley Capital International EAFE-Free Index, a subset of the EAFE (Europe, Australasia, Far East) Index, includes securities of countries that have no international investment restrictions. It is an arithmetic, market value-weighted average of the performance of more than 1,000 such securities listed on the stock exchanges of countries in Europe, Australia, Asia, and the Far East. Foreign investments involve special risks, including currency fluctuations and political developments.</p> <p><i>Small-cap stock or small-company stock</i> – Companies that issue stocks classified by investors as "small-company stocks" are generally recently established corporations. They may be involved in new or niche products or technologies with a great potential for growth. However, this innovative nature also means greater volatility and risk of price fluctuation.</p> <p><i>Large-cap stock or large-company stock</i> – Investors consider "large-company stocks" to be those issued by the United States' largest, most well-established businesses. These stocks are sometimes referred to as "blue chip" stocks – or stocks of companies with long track records of profit growth and dividend payment and a reputation for quality management, products and services. The S&amp;P 500 Index, the world's most widely followed stock index, is comprised of 500 such large-cap stocks.</p>



# State of Alaska Deferred Compensation Plan

## Investment Options at a Glance

*For the Quarter Ending 3/31/01*

Generally, the greater an investment's potential reward over time, the greater its level of short-term price volatility or risk. When assessing risk, a bank money market or certificate of deposit (CD) would typically appear on the very low end of the risk/reward spectrum. A very aggressive growth fund might be depicted at the very high end of the spectrum. The chart below shows the relative position of each investment option on the risk/reward spectrum. The risk chart is for illustration purposes only and is not intended to depict any current actual investment performance of the variable funds.

<b>Investment Option</b> <i>(managed by)</i>	<b>Objective</b>	<b>Investment Make-Up</b> <i>Management Style</i>	
<b>International Fund</b> <i>(Barclays Global Advisors, NA)</i>	To capture long-term capital appreciation potential of international stocks.	International stocks <i>Passively managed</i> <sup>(1)</sup>	↑ more risk
<b>Small Cap Index Fund</b> <i>(Barclays Global Advisors, NA)</i>	To capture long-term capital appreciation potential of the U.S. equity market not covered in the S&P 500 composite index.	Smaller company common stocks <i>Passively managed</i> <sup>(1)</sup>	
<b>Citizens Core Growth Fund</b> <i>(Citizens Advisers)</i>	To achieve strong financial results and long-term capital appreciation while investing in companies that are managed in a socially responsible manner.	The fund invests in the companies that make up the Citizens Index, a proprietary index designed to serve as a benchmark for socially responsible investing. The Citizens Index™ consists of approximately 300 primarily large-cap companies, of which 200 are part of the S&P 500. The remaining 100 are added for industry and sector diversification. <i>Passively managed</i> <sup>(9)</sup>	
<b>S&amp;P 500 Index Fund</b> <i>(Barclays Global Advisors, NA)</i>	To capture long-term capital appreciation potential of larger capitalized companies by investing in all the companies represented in the S&P 500 Index.	Common stocks represented in the S&P 500 Index <i>Passively managed</i> <sup>(1)</sup>	
<b>Global Balanced Fund</b> <i>(Capital Guardian Trust Company)</i>	Seeks the balanced accomplishment of long-term growth of capital, current income and conservation of principal through investments in stocks and fixed-income securities.	Stocks of large and small companies and corporate & government bonds based around the world <i>Actively managed</i> <sup>(2)</sup>	
<b>Tactical Asset Allocation Fund</b> <i>(Barclays Global Advisors, NA)</i>	To achieve high total returns (capital appreciation plus income) over the long term without taking excessive risk.	The fund shifts assets among stocks, bonds and cash. The fund invests in other funds designed to track the S&P 500 Composite Stock Price Index and the Lehman Brothers 20+ Year Treasury Bond Index and in short-term high-quality money market instruments. <i>Actively managed</i> <sup>(2)</sup>	
<b>Gov't/Credit Bond Fund</b> <i>(Barclays Global Advisors, NA)</i>	To provide high current income and some capital appreciation by investing in a diversified portfolio of high quality U.S. fixed income securities.	Securities included in the Lehman Brothers Government/Credit Index <i>Passively managed</i> <sup>(1)</sup>	
<b>Intermediate Bond Fund</b> <i>(Barclays Global Advisors, NA)</i>	To provide high current income and some capital appreciation by investing in a portfolio of U.S. government fixed income securities.	Securities included in the Lehman Brothers Intermediate Government Bond Index <i>Passively managed</i> <sup>(1)</sup>	
<b>Interest Income Fund</b> <i>(T. Rowe Price Stable Asset Management)</i>	To provide a stable rate of return while preserving capital.	Medium-term high grade corporate and government fixed income securities <i>Actively managed</i> <sup>(2)</sup>	↓ less risk

**Registration with the Securities and Exchange Commission is not required for the State of Alaska Deferred Compensation Plan.**

- (1) To be passively invested means to buy and hold a well-diversified portfolio of securities. Passive managers buy a portfolio of securities that comprise a market index while active managers select specific securities to attempt to outperform an index.
- (2) An actively managed fund is one in which the fund manager buys, holds and sells a portfolio of stocks and/or bonds which are consistent with the fund's stated investment objective. Using a variety of methods, the active fund manager attempts to select funds that will outperform the market.

# State of Alaska Deferred Compensation Plan

*Please read this important information*

## KeyTalk® Contacts

If you are calling from a **touch-tone phone**, you have round-the-clock **automated access** to information and transactions **with your PIN** (or a client service representative between 6:00am and 5:30pm, Alaska time, Monday through Friday) by using the original KeyTalk® number:

**1-800-701-8255**

If you wish to speak to a client service representative between 3:00pm and 5:30pm, Alaska time, Monday through Friday, **and** you are calling from a touch-tone phone **without** a PIN **or** you are calling from a **rotary phone**, please use the following number:

**1-800-232-0859**

## Important Note

If you call KeyTalk® to make changes to your account, **please** stay on the line until you hear your confirmation number. Write this number down and keep it on file for future reference. **If you hang up before you hear your confirmation number**, your transaction request **may or may not** (due to phone transmissions or computer delays) have been recorded for processing. Also, you will receive a written confirmation of your transaction in the mail. It is **important** for you to review this document for accuracy **as soon as you receive it**.

There are two major types of changes you can make to your account:

- 1) transferring your existing assets among funds and
- 2) changing how your **future** contributions are allocated.

Please make sure you have selected the transaction that accomplishes the changes you would like to make.

## Internet Access

You now have access through the Internet to receive information about your account and to conduct investment option related action. **You must have a PIN number to access the information.**

- 1) Please go to the Division of Retirement & Benefits Web site, [www.state.ak.us/drb](http://www.state.ak.us/drb)
- 2) Select "Deferred Comp" on the left hand side of the page
- 3) At the Deferred Comp Plan home page, select "Account Information Online"

## Transfers

If you place a transfer on a business day **before 12:00 noon Alaska Time**, you will receive that day's closing "sell" price per unit (Transfer-out \$'s) and that day's closing "purchase" price per unit (Transfer-in \$'s). This applies whether you place the transfer through KeyTalk®, a Client Service Representative, or the Division of Retirement and Benefits' Web site.

***Your transfer must be completed before 12:00 noon Alaska time.***

The transfer confirmation must take place before 12:00 noon. Transfers that are started before noon Alaska time, but are **not completed** before noon Alaska time, will be processed the **next** business day.

It can take up to five minutes, or more, to complete a transfer. Please do not try to time your transfer just before the deadline hoping that it will finish in a minute or two. **Phone delays, internet delays, and heavy volume can interfere with completing a transfer. Please take possible delays into account.**

## Administrative Expenses

Expenses are charged to your account in order to cover the cost of administration of the plan. There are two types of fees:

**Monthly — 0.19% annual rate on assets (0.0019 / 12 x month-end asset balance)** — These charges will be assessed to your individual accounts against all investment options. The fee is calculated on the prior month's ending balance and is assessed in the first week of the month. The annual rate of 0.19% is effective on February 1, 2001. The prior annual rate of 0.20% applied for the period of March 1, 2000 to January 31, 2001.

As to how fees are charged monthly and presented on your statement, the following gives an example:

- The fees calculated on your March 31st account balance will be assessed in April.
- The fees calculated on your April 30th account balance will be assessed in May.
- The fees calculated on your May 31st account balance will be assessed in June.

The March, April and May fees will be reflected on your June 30th statement.

## Fund Information

For more detailed information related to specific funds, please refer to a current investment option detail sheet. Investment option detail sheets can be obtained through the Division of Retirement & Benefits, **1-907-465-4460**; a client service representative; or on the Divisions' Web site, at [www.state.ak.us/drb](http://www.state.ak.us/drb).